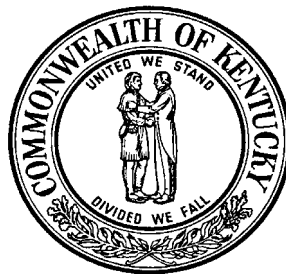


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER BUTLER COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period December 1, 2005
Through November 30, 2006**



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C R I T L U A L L E N
A U D I T O R O F P U B L I C A C C O U N T S

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet
The Honorable Richard E. Embry
Former Butler County Property Valuation Administrator
The Honorable Angie Pendley
Butler County Property Valuation Administrator
Morgantown, Kentucky 42261

We have performed the procedures enumerated below, which were agreed to by the former Butler County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for period December 1, 2005 through November 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the former Butler County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (November 30, 2006), for all bank accounts, to determine if amounts are accurate.

Finding -

Receipts and Disbursements ledgers are maintained and bank reconciliations are completed each month. The year-end bank reconciliation was accurate.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

All city payments to the PVA were confirmed. Recorded City payments agreed to amounts confirmed by the city. The list of city receipts was complete.



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(Continued)

3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

Payments made by the fiscal court to the PVA agreed to amounts recorded on the PVA's receipts ledger and were traced to the PVA's local bank account. The amounts paid by the fiscal court agree to the amounts calculated by the Department of Revenue for the 2006-2007 fiscal year.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Selected disbursements agreed to cancelled checks, supporting documentation and were for official business. Two of the disbursements tested were late payments of telephone bills and included two months billings. There were no credit card expenditures.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursements agreed to cancelled checks, supporting documentation, and proper purchasing procedures. Location of newly acquired assets was verified. Assets were added to the PVA's Capital Asset Inventory List.

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(Continued)

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

The PVA does did not have a vehicle lease agreement. There are two professional service contracts for the tax database and mapping services. Services received were appropriate and for official business. The contract for the tax database is with L. I. Smith and Associates. The PVA or L. I. Smith and Associates did not sign this contract. The mapping service contract was properly authorized.

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The PVA's total actual expenditures exceeded his approved budget. The PVA was overspent in two account series.

Former PVA Richard E. Embry's Response - No response.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral was not necessary for the PVA's funds.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets were completed, maintained, and supported hours worked.

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(Continued)

10. Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

Cash balances were properly transferred from the former PVA to the new PVA.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Engagement fieldwork completed -
December 1, 2006

